

# HOUSE BILL No. 5449

January 23, 1992, Introduced by Reps. Bennett, Randall and Middaugh  
and referred to the Committee on Corporations and Finance.

A bill to provide for beneficiary accounts in credit unions;  
to allow for the passage of title to the named beneficiary; and  
to prescribe the powers and duties of the credit union.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. As used in this act:

2       (a) "Beneficiary" means a person who is designated to  
3 receive the funds in a beneficiary account upon the death of the  
4 owner of the account.

5       (b) "Beneficiary account" means a share or deposit account  
6 in a credit union where 1 or more persons are designated as  
7 owners and 1 or more other persons are designated as  
8 beneficiaries. A beneficiary account is not a trust account.

9       (c) "Credit union" means a state or federal chartered credit  
10 union.

1 (d) "Owner" means the person or persons designated as the  
2 owner in the documents establishing a credit union beneficiary  
3 account.

4 (e) "Person" means an individual, corporation, partnership,  
5 association, governmental entity, or any other legal entity.

6 Sec. 2. (1) During the lifetime of 1 or more owners of a  
7 credit union beneficiary account, all rights to the money in the  
8 account belong to the owners. The rights of the owners, if there  
9 is more than 1, shall be governed by the contract between them  
10 and the credit union establishing the account, and by any appli-  
11 cable law pertaining to accounts with more than 1 owner other  
12 than section 7 of Act No. 41 of the Public Acts of 1968, being  
13 section 490.57 of the Michigan Compiled Laws.

14 (2) Upon the death of the owner of a credit union benefi-  
15 ciary account or upon the death of the last surviving owner of a  
16 credit union beneficiary account if there was more than 1 owner,  
17 all ownership interests in the account shall pass to the person  
18 or persons designated as beneficiaries.

19 (3) If no person designated as beneficiary of a credit union  
20 beneficiary account is living at the time of the death of the  
21 owner, the account shall be probated as part of the owner's  
22 estate. If there is more than 1 person designated as owner and  
23 no beneficiary is living at the time of the death of the last  
24 surviving owner, the account shall be probated as part of the  
25 last surviving owner's estate.

26 (4) If more than 1 person designated as beneficiary is  
27 living at the time of the death of the owner, or at the time of

1 the death of the last surviving owner if there was more than 1  
2 designated owner, the account shall be divided equally among the  
3 beneficiaries still living at that time. There shall be no  
4 rights of joint ownership among living beneficiaries and each  
5 shall only be entitled to his or her equal share.

6 (5) The passage of ownership rights to any account covered  
7 by this act is not subject to change by will.

8 Sec. 3. This act shall apply to all credit union benefi-  
9 ciary accounts where at least 1 owner was still alive on the  
10 effective date of this act.